

**Commonwealth of Kentucky**  
**Division for Air Quality**  
***RESPONSE TO COMMENTS***

ON THE TITLE V PERMIT V-04-025 (DRAFT PERMIT)

KINGSFORD MANUFACTURING COMPANY

SUMMER SHADE, KY

DECEMBER 16, 2004

RALPH E. GOSNEY, REVIEWER

SOURCE I.D. #: 21-169-00012

SOURCE A.I #: 3159

ACTIVITY #: APE20030001

**TITLE V PERMIT V-04-048 BACKGROUND:**

An application for an initial Title V permit was received on April 23, 2003, with minor revisions for the Kingsford Manufacturing Company Summer Shade facility. Minor revisions to the application were also received at several dates. The initial Title V application was deemed complete on September 16, 2003 (60 days after receiving requested material).

The plant is classified as a “charcoal production plant”, which is one of the 28 listed 100-tpy major source categories in the Title V and PSD regulations. Metcalfe County is classified as “attainment” or “unclassified” for all pollutants, pursuant to 401 KAR 51:010.

The facility was issued permit F-01-005 on July 2, 2001, subject to Prevention of Significant Deterioration (PSD) regulations for construction/modification increases in particulate matter (PM), particulate matter less than 10 microns (PM<sub>10</sub>), and nitrogen oxides (NO<sub>x</sub>) of over 100 tons per year (tpy). The facility is classified as a Title V major source of air pollution, based on the potential to emit more than 100 tpy of PM<sub>10</sub>, NO<sub>x</sub>, and volatile organic compounds (VOC). The Kingsford Summer Shade plant is also classified as a major source as defined by 401 KAR 51:017, based on the potential to emit more than 100 tpy of PM, PM<sub>10</sub>, NO<sub>x</sub>, and VOC. Potential HAP emissions from the Summer Shade facility are below the major source thresholds of 10 tpy for any single HAP and 25 tpy for any combination of HAPs.

The permittee has existing synthetic minor permits for limiting the emission of sulfur dioxide (SO<sub>2</sub>). The permittee has agreed to limit SO<sub>2</sub> emissions from Emission Unit 01, to preclude PSD significant revision applicability for the modification of the furnace/wood dryer (F-01-005), and from Emission Unit 02 and 03, for the installation of Briquet Dryer #3 and Briquet Cooler #3 (F-01-005 Revision 1).

**SOURCE DESCRIPTION:**

The source manufactures charcoal briquets. The plant was constructed in the early 1990's by Hickory Specialties as a minor source. The plant was sold to Royal Oak and then to Kingsford Manufacturing Company in 1999. A PSD application was submitted in 1999 for increased production and modifications of units.

Response to Comments  
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**PUBLIC AND U.S. EPA REVIEW:**

The air quality permit notice for the Draft Title V Operating Permit for Kingsford Manufacturing Company was placed in *The Herald News* in Edmonton, Kentucky on October 26, 2004. Comments on the Draft Title V Operating Permit were received on November 23, 2004 from Rob Service, Plant Manager for Kingsford Manufacturing Company. Responses to these comments are included in Attachment A.

# ATTACHMENT A

## Response to Comments on Draft Permit V-04-025

### Comments and Response

The following comments on the draft Title V Permit V-04-025 were received on November 23, 2004 from Rob Service, Plant Manager for Kingsford Manufacturing Company (KMC). Responses by the Kentucky Division for Air Quality are included after each comment.

### KMC Comment

#### GENERAL ISSUE - Clean Unit Status

KMC has requested that DAQ include a statement in the Title V permit that the Summer Shade sources that underwent PSD review and that have been issued BACT emission limits pursuant to 401 KAR 51:017 constitute “clean units” for purposes of New Source Review. While KMC understands DAQ’s response that the state’s clean unit provisions have not yet been SIP approved by U.S. EPA, KMC asserts that as a matter of state law the DAQ is currently authorized to make clean unit designations. Of course, as indicated in 401 KAR 51:017, the permit should stipulate that the effective date for the clean unit designation is conditioned on U.S. EPA’s approval of the state’s clean unit provisions.

Specifically, KMC requests that the Title V permit include a statement that the emission units identified below qualify as “clean units” for the pollutants listed below. The permit should stipulate that such status is conditional on U.S. EPA SIP approval of the state’s clean unit provisions.

A conditional grant of clean unit status is entirely consistent with the provisions of 401 KAR 51:017, Section 20(5)(b)(1), which allow for Title V permit designation of Clean Unit status even if the effective date of clean unit status is not known, so long as the permit “describe[s] the event that shall determine the effective date.” In this case, the “event” would be SIP approval of the clean unit regulations. DAQ includes requirements with future compliance dates in Title V permits in other circumstances, such as with regard to MACT requirements. KMC submits there is no basis for distinguishing those situations from the circumstances here.

The following Emissions Units meet the criteria for clean unit status for the following pollutants based on the BACT emissions limits included in the PSD permit issued in July 2001:

Emissions Unit 01 – Clean Unit for PM/PM<sub>10</sub> and NO<sub>x</sub> emissions

Emissions Unit 02 - Clean Unit for PM/PM<sub>10</sub> and NO<sub>x</sub> emissions

Emissions Unit 03 - Clean Unit for PM/PM<sub>10</sub> emissions

Emissions Unit 04 - Clean Unit for PM/PM<sub>10</sub> emissions

Emissions Unit 05 - Clean Unit for PM/PM<sub>10</sub> emissions

In the event DAQ declines to identify the above-listed units as clean units for purposes of the Title V permit at this time, KMC anticipates that KMC could, at least, seek a modification of the Title V permit upon U.S. EPA's SIP approval of the state's clean unit provisions. KMC requests confirmation of this understanding.

*Division's response: Regulation 401 KAR 51:017 has been sent to the federal EPA for adoption into the Kentucky SIP, but has not been approved at this time. Draft Permit V-04-025 will not be modified for clean unit designations. If the federal EPA approves the Kentucky SIP, KMC could seek a modification of the final Title V permit at that time.*

## **SPECIFIC PERMIT COMMENTS**

### **Section B – Emission Points, Emission Units, Applicable Regulations, and Operating Conditions**

#### **Emissions Unit 01 – Wood Dryer and Furnace Operations**

##### **KMC Comment : 2. Emission Limitations**

Section (c) identifies a new PM emission limitation that is more stringent than the BACT PM limit in the existing PSD permit for this Emissions Unit. The existing PSD permit already contains PM emissions limits, which were based on, and which cite to, 401 KAR 59:010. Indeed, the applicability of 401 KAR 59:010, and the derivation of rates based on that regulation, were expressly addressed by DAQ when issuing the PSD permit. The Statement of Basis for the PSD permit, for example, agreed that the BACT limit imposed was more stringent than the process weight limit.

Accordingly, the PSD permit limits were deemed to constitute BACT, and it is inappropriate for DAQ to now impose new, more stringent, limits in a Title V permit. Title V permits are intended to collect existing applicable requirements, and may not be used to impose new emissions limits. Any attempt to do so is arbitrary, capricious and contrary to law. Accordingly, the new PM limit should be deleted in favor of the limit established by the existing PSD permit.

In the event this section is not removed from the permit, KMC seeks to confirm its understanding as to implementation of this requirement. In this case, the trigger for a reduced PM limit is if the dry wood production rate is less than 21.84 tons of dry wood/hour. Consistent with KMC's existing procedures for measuring material usage and production rates, and consistent with the compliance demonstration methods listed for EU 01, KMC understands the dry wood production rate to be a monthly average. Accordingly, KMC intends to compute the dry wood production rate on a monthly average basis; dry wood production is not measured directly, but is instead based on monthly processing numbers and amounts, which are themselves calculated monthly. If the monthly average dry wood production rate is below 21.84 tons/hour, then KMC will calculate the allowable emissions rate according to this section 2(c) and calculate estimated actual emissions by pro rating the emission rate identified during compliance testing, based on the dry wood production observed during that compliance testing.

*Division's response: 401 KAR 59:010 is an applicable regulation to this unit that applies to the owner or operator of any new process operations commenced on or after July 2, 1975. The 401 KAR 59:010 limit in the permit is based on an existing regulation, which is based on the total weight of all materials introduced into the unit (not char, but dry wood with combined moisture), but does not include uncombined water.*

*For compliance with the PM emission limits, the actual emission rate shall be compared to the 401 KAR 51:017 maximum of 59.5 pounds per hour and also compared to the 401 KAR 59:010 process weight formula using the average tons of wet wood,  $P_1$ , or dry wood,  $P_2$ , measured and recorded during the testing. The average production rate of wet wood; average production rate of dry wood; and the average production rate of char shall be measured during the emission test, recorded, and reported with the emission test results. Monthly production averages may be used to demonstrate continual compliance in conjunction with the emission factors obtained from the emission testing of the unit and monthly hours of operation.*

KMC Comment : Compliance Demonstration Method, sections (a), (b), (c) and (d): The requirement that emission factors be calculated using 100% of the emissions going out the ACC stack will result in double-counting of emissions normally exhausted from the dryer/cooler stack. This could result in KMC being unfairly charged emissions fees by being charged for the same emissions twice. Charging emissions fees that are based on counting some emissions twice would be arbitrary, capricious and contrary to law.

By way of explanation, the circumstance of 100% of emissions going to the ACC stack is not a normal operating condition. Instead, under normal operations, some ACC emissions are beneficially reused by being recycled through the dryers. Consequently, NO<sub>x</sub> and PM emissions that are normally exhausted from the dryers' stack will be counted both during emissions testing of the ACC (since tested in the abnormal state of all emissions being exhausted from the ACC stack), and during emissions testing of the dryers (done under normal operating conditions). Moreover, for PM emissions, the dryers are a separate source of PM emissions from the ACC and thus PM emissions from the dryers would be expected to be different from the relative portion of the ACC gases and ACC PM emissions that are directed to the dryers during normal operation.

KMC requests clarifying language in the Title V permit, or some equivalent statement by DAQ, that will allow KMC to avoid paying twice for the same emissions. For example, KMC requests that KMC be permitted to prorate the PM emissions measured at the ACC stack during the 100% test condition by using reasonable professional engineering judgement of the relative portion of the ACC gases that would normally be ducted to the dryers. The PM emissions measured at the dryers would then be added to the prorated PM emissions from the ACC to estimate normal PM emissions from the ACC and dryer stacks for fee purposes. Because no NO<sub>x</sub> emissions are generated by the dryers, KMC requests that it be stipulated that emission fees for NO<sub>x</sub> are based on the measured NO<sub>x</sub> emissions when 100% of the emissions are going out the ACC stack, and that no additional fees need to be paid for the NO<sub>x</sub> emissions measured at the dryer stack.

*Division's response: Based on the information provided the Division recognizes that the briquet dryers are sometimes not operated and Emission Unit 01 is operated with 100% of emissions going out the stack. However, to determine compliance with the emission limitations for the unit, the most accurate method to test the total emissions from the unit is with 100% of the emissions going out the ACC stack. As noted in the Statement of Basis, an undetermined percentage of emissions were emitted out the ACC stack during the initial stack test. The emission factor obtained from the testing required in the existing permit, F-01-005 (Revision 3) was not the total emissions from the unit (only the percentage of emissions that went out the ACC stack). ACC stack testing is required in the draft permit V-04-025 for PM, NO<sub>x</sub>, VOC, PM<sub>10</sub>, and SO<sub>2</sub> emissions, under the conditions with 100% of emission going out the ACC stack. The average production rate of char shall be measured during the emission test, recorded, and reported with the emission test results. KMC may install continuous monitoring equipment (flowrates and concentration data) to determine the percentage of PM emissions going to the dryers when the dryers are operating, and the Division will evaluate alternative means of determining fees for the emissions at that time. The fees for emissions are currently based on emission factors and throughput of material through each unit.*

*KMC does not count the emission of VOC and SO<sub>2</sub> from the briquet dryers, because emission of these pollutants are from the percentage of Emission Unit 01 emissions fed to the briquet dryers for heating. This method has been approved by the Division, as long as 100% of the emissions from Emission Unit 01 are tracked. KMC may also apply the same rationale for NO<sub>x</sub> emissions for billing purposes. The emission factor obtained from Emission Unit 01 stack testing at 100% of emissions going out the ACC stack, does represent the normal total emissions of NO<sub>x</sub>, VOC and SO<sub>2</sub> from Emission Unit 01 and the briquet dryers, combined. Compliance for the NO<sub>x</sub> emission limitation for the dryers, pursuant to 401 KAR 51:017, is stated in the permit and shall be met, even if emissions from the dryers are included with the ACC unit for billing purposes.*

**KMC Comment : 5. Specific Recordkeeping Requirements**

Section (g): It appears a word is missing from the first sentence of this section. KMC suggests "...startup, planned or unplanned shutdown, or system malfunction of wood dryer and furnace operation,..."

*Division's response: Comment noted. The permit has been changed, as requested.*

**KMC Comment : Emissions Units 02 and 03**

KMC offers several related comments that apply to both Emission Units 02 and 03 and relate to KMC's application for increased hourly emission rates at EUs 02 and 03.

1. DAQ's October 4, 2004 letter, responding to KMC's prior comments on the permit indicates that Dryer #3 and Cooler #3 are the only dryers and coolers that have been subject to BACT. Instead, the opposite is true. Dryers #1 and #2 and Coolers #1 and #2 all have BACT limits, while Dryer #3 and Cooler #3 do not.

*Division's response: The Division acknowledge the typographical error in the October 4, 2004 response to rough draft comments letter, but not in the draft permit or in the rough draft permit. As stated in the permit, Dryer #1 and Dryer #2 have existing BACT emission limits. Dryer #3 has an emission limit in order to preclude the applicability of 401 KAR 51:017. Additionally, Dryer #3 limits to preclude BACT are lower than the BACT limits on Dryer #1 and Dryer #2.*

2. Due to DAQ's apparent misunderstanding of the BACT status of the dryers and coolers, KMC repeats the request in its October 2003 application that the coolers and dryers receive an increased hourly emission rate commensurate with the approved increase in hourly production rates.

By way of background, the October 2003 permit application requesting a “minor permit revision” was submitted to increase the combined hourly production rate for the three briquette dryers from 19.5 tph to 26.5 tph.

The application requested a proportional increase in hourly PM/PM10 and NOx emissions from the three dryers/coolers. KMC also requested that the dryer and cooler PM/PM10 limits be combined into a single limit because the exhausts are combined into a single stack. No increase in the annual briquette production cap of 170,820 tpy (19.5 tph times 8,760 hrs/yr) was requested – consequently no increase in annual emissions was requested. At a meeting with the DAQ prior to this submittal, DEP suggested providing air quality modeling to show that the increase in hourly emissions from the dryers and coolers would not adversely affect ambient impacts at the Mammoth Cave Class I area. The October 2003 application included CALPUFF modeling that demonstrated impacts at Mammoth Cave associated with the requested increase in hourly emissions were below the de minimis levels specified by the National Park Service.

In a meeting held with the DAQ in June 2004, DAQ explained that they could not increase the hourly dryer/cooler limits because the limits are “BACT limits”. DAQ requested that a revised BACT analysis be submitted for the dryers and coolers to demonstrate that the requested increase in hourly PM/PM10 emissions would still represent BACT. KMC submitted a revised BACT Analysis in July 2004 that showed that it was not technically or economically feasible to install add-on PM controls on the dryer/cooler exhaust and that BACT was “no control”. The requested increase in the hourly PM/PM10 emissions from the dryers and coolers was presented as BACT. KMC believes that his analysis justifies an increase in the hourly emissions rate, since the dryers, which are identical, all meet BACT.

In conclusion, the fact that KMC accepted artificially low limits on its newest dryer and cooler, which were not the result of a BACT analysis, should not undermine the BACT status of dryers and coolers #s 1 and 2, which have been deemed to meet BACT. Further, given that the dryers and coolers meet or exceed BACT, there is no reason not to grant the hourly emission increase commensurate with the approved hourly production rate increase, since the overall annual emissions limit is not being increased.

Division’s response: *A BACT analysis was not done to determine BACT emission limits, only to prove that no controls were necessary. If a BACT analysis were done to determine BACT emission limits, the emission limits for all the units would be the same, for the same type of unit. BACT means an emissions limitation, based on the maximum degree of reduction for each regulated pollutant that will be emitted, taking into account energy, environmental, and economic impacts. The emission limits would be based on the maximum production rate of the unit and an emission factor representative of the type of unit. All 3 of the briquet dryers are physically the same type of unit.*

*If KMC desires to change BACT emission limits, provide a BACT emission analysis for the units based on the current information for these type of units. The modeling done by KMC was for a desired emission rate, not for BACT emissions. The proposed revised dryer emission rates in the KMC comment do not represent BACT emissions. KMC did demonstrate that add-on PM controls are not cost effective and that controls for BACT remains good operating practices for the dryers and coolers. If KMC wishes to do a BACT analysis with emission limits based on the most current emission data for the type of unit, KMC may do so, and DAQ will evaluate those limits as part of the BACT determination. Otherwise, the BACT emission limits will not change.*

*KMC has also stated that emissions from the briquet dryers is based predominantly by the fraction of the Emission Unit 01 (the ACC) emissions that are fed to the dryers for heating. KMC has stated that the fraction of emissions fed to the dryers may not change with the proposed operating rate increase, but that less ambient air would be added to the ACC gases entering the dryers. Therefore, there is no basis for increasing emissions from the dryers, based on the throughput of briquets.*

3. To the extent that the DAQ is not willing to revise the Dryer/Cooler #1 and Dryer/Cooler #2 hourly emission limits because these sources have undergone PSD review and have BACT emission limits, KMC requests that the Dryer/Cooler #3 emission limits be increased because these limits are not BACT based limits. Specifically, KMC requests that the Dryer/Cooler #3 PM and NO<sub>x</sub> limits be increased proportional to the approved increase in hourly briquette production in this dryer from 6.5 tph to 8.5 tph, consistent with the October 2003 minor revision permit application. The PM/PM<sub>10</sub> hourly emission limits should be increased from 3.58 lb/hr to 4.68 lb/hr for both Dryer #3 and for Cooler #3. The NO<sub>x</sub> hourly emission limit for Dryer #3 should be increased from 4.55lb/hr to 5.95 lb/hr.

*Division's response: Dryer #3 has an emission limit in order to preclude 401 KAR 51:017 significant revision applicability (preclude BACT) for the installation of Dryer #3. If KMC wishes to do a BACT analysis with emission limits based on the most current emission data for the type of unit, KMC may do so, and DAQ will evaluate those limits as part of the BACT determination. Otherwise, the emission limits to preclude BACT will not change.*

4. KMC wishes to confirm that if permit V-04-025 (this combined Operating/Construction permit) does not include increased hourly emission limits for the dryers and coolers (proportionate to the hourly rate production rate increased already approved), then such constitutes final agency action on the October 2003 application for increased hourly emissions limits.

*Division's response: The final permit is the final operating/construction permit. If KMC wishes to do a BACT analysis with emission limits based on the most current emission data for the type of unit, KMC may do so, and DAQ will evaluate those limits. The information should be submitted as a request for a modification of permit V-04-025. The permit can be revised at that time.*

5. Finally, although DAQ mistakenly notes that Dryer 3, but not 1 and 2, has a BACT limit, DAQ's comments suggest that a 4.55 pounds per hour limit would be considered BACT for all the dryers, given the similarity in design and the fact that Dryer 3 is subject to that limit. However, DAQ also states that KMC can perform a BACT analysis for the dryers if it wishes to do so and that DAQ will evaluate the BACT analysis. Thus, it appears that it is DAQ's position that a BACT analysis has not yet been provided. If that is DAQ's position, then, KMC objects to any suggestion that an emission limit of 4.55 pounds per hour is BACT on the grounds that it is premature. In the absence of a recognized submittal of a BACT analysis and a review of the analysis, an appropriately supported determination of BACT by the DAQ is simply not possible. (Of course, as noted under item (2), above, KMC continues to assert that an appropriate BACT analysis has been submitted, and that such analysis concluded that the dryers meet or exceed BACT and that the requested increased in hourly emissions rates is justified.)

*Division's response: The emission limits in the current permit, V-04-025, are the same hourly limits as the PSD permit F-01-005 (Revision 3). As stated in the June 16, 2004 meeting, the Division cannot increase the allowable emissions limit, unless there is a full BACT analysis. Please refer to responses for #2 for this unit, for definition of BACT.*

**KMC Comment : Emissions Unit 03 – Briquet Cooling Operations**

**5. Specific Recordkeeping Requirements**

Section (b): The language of this section has been partially revised to recognize that there is a single briquet cooler/dryer stack, or multiple stacks. KMC suggests the language be revised as follows: “2) whether the visible emissions were normal for the ~~each~~ stack.”

*Division's response: The permit has been revised, as requested.*

**KMC Comment : Emissions Unit 04 – Charcoal Manufacturing Operations**

**Description:**

In accordance with DAQ's suggestion, KMC is submitting form DEP7007DD for the Fines Tank (listed as an element of STOR 4003), since the Fines Tank is unrelated to the Packaging Operations dust collector and has no exhaust point. KMC is submitting the form so that the Fines Tank can be listed in the Insignificant Activities section.

*Division's response: The Fines Tank has been added to the insignificant activities in the permit. The description for STOR 4003 is Packaging Operations Dust Collector, only (Fines Tank removed), in the permit and statement of basis.*

#### 4 Specific Monitoring Requirements

The requirement to monitor the control equipment for each unit according to the manufacturer recommendations for proper operation is potentially problematic, as manufacturer recommendations are not available and/or do not necessarily provide adequate guidance for all operating situations. It would be arbitrary and capricious to impose requirements based on manufacturer recommendations where those recommendations, to the extent they ever existed, are unavailable or inapplicable. KMC believes that adding an alternative monitoring requirement based on reasonable engineering judgment and good air pollution control practices is warranted: "The permittee shall monitor the control equipment for each unit, according to the manufacturers recommendations for proper operation for the equipment or based on reasonable engineering judgement and good air pollution control practices."

*Division's response: The requirement has been revised to the following, "The permittee shall monitor the control equipment for each unit, according to the manufacturer recommendations for proper operation of the equipment, or based on reasonable engineering judgement and good air pollution control practices for proper operation of the equipment."*

#### **KMC Comment : Emissions Unit 05 – Material Handling Operations and Plant In/Out Roadways**

##### **Description:**

KMC's prior comments related to the permit noted that KMC measures its operations in terms of tons of wet wood, and thus use of a wet wood measurements for the units listed in EU 05 would be more appropriate and useful than descriptions of dry wood operating rates. In response, DAQ requested that KMC submit form DEP7007N, in order to effectuate such a change in the descriptions. Accordingly, KMC is submitting form DEP7007N for the affected units.

KMC previously suggested an EQPT listing for the "Sized Pile and Front-End Loader Traffic", which has now been included in the permit. However, DAQ has asked KMC to submit form DEP7007N for this unit with appropriate emission information. As requested, KMC is submitting a form DEP7007N. (KMC's records indicate that the relevant forms and information for the Sized Pile were previously submitted to DAQ in 2003.)

*Division's response: The permit has been revised. The descriptions for Emission Unit 05 match the new forms submitted for the sized wood pile/front-end loader and truck dump (in units per ton of wet wood), which were received on November 23, 2004.*

**KMC Comment : Emissions Unit 06 – Solvent Treated Briquet Operations**

**1. Operating Limitations:**

Section (a): KMC questions the inclusion of this recitation of the provisions of 401 KAR 63:010, section 3(3), since the regulation is one of general applicability, with no unique applicability to EU 06. Moreover, the regulation's applicability is purely contingent, and it imposes no current or specific requirements on EU 06. KMC requests that this section be removed from EU 06.

*Division's response: 401 KAR 63:010 is the applicable regulation for fugitive emissions. The operating limitation comes from the regulation and will remain in the permit.*

**KMC Comment : Emissions Unit 07 – Storage Silos**

**Description:**

KMC comments that the listing of STOR 7001, 7002, 7003, 7004, 7006 and 7007 in EU 07 is inappropriate, since each of these sources has minimal emissions and qualifies as insignificant sources. KMC requests that they be listed as insignificant activities; pursuant to DAQ's request, KMC will be submitting form DEP7007DD in furtherance of this request.

Although such a restriction does not appear to be stated in Section 6 of 401 KAR 52:020, KMC recognizes that DAQ has stated that where there are independent requirements, other than general requirements, then units cannot be listed as insignificant activities. In this case, however, there are no specific requirements for STOR 7001, 7002, 7003, 7006 and 7007. Accordingly, it appears clear that these units should be listed as insignificant activities upon the submittal of form DEP7007DD.

STOR 7004, Char Silo #4, is slightly more complicated. The proposed permit actually includes an operating limitation for Char Silo #4. However, as discussed below, the operating limitation is inappropriate and should be deleted. Upon deletion of the operating limitation, Char Silo #4 should also be moved to the insignificant activities section.

To the extent these units are not moved to the insignificant activities section, KMC notes that the operating rates for STOR 7001, 7002, 7003, and 7004 should be changed to 35 tons/hr of char, to be consistent with the actual maximum operating rates.

*Division's response: The four char silos and the two carbonaceous material storage silos have been listed as insignificant activities on form DEP7007DD, received on November 23, 2004. These units have been moved to the insignificant activities section of the permit and the statement of basis corrected, as necessary.*

**KMC Comment : 1. Operating Limitations**

Section (a): The operating limit for Char Silo #4 should be deleted. There is no basis for the operating limit attributed to Char Silo #4 in any underlying permit or in any applicable regulation. As such it is an impermissible new limit, and its imposition is arbitrary, capricious and contrary to law. Moreover, the permit characterizes this limit as necessary to avoid application of 401 KAR 51:017. However, this unit has low levels of emissions, and no operating rate limitations were necessary, or were taken, in order to avoid applicability of 51:017 should be deleted. More appropriate, however, is the listing of Char Silo #4 as an insignificant activity, as requested above.

Section (b): The operating limitation for the Lime Silo is characterized as being necessary to avoid the application of 401 KAR 51:017. However, this unit has low levels of emissions, and no operating limitations were necessary, or were taken, in order to avoid applicability of 51:017. Accordingly, the characterization of the operating rate limitation as being necessary to avoid application of 401 KAR 51:017 should be deleted.

*Division's response: Char Silo #4 has been moved to the Insignificant Activities section, and the operating rate for that unit was deleted. The Lime Silo is controlled by a baghouse and has uncontrolled emissions of PM10 greater than 15 ton/yr. The operating limitation for the Lime Silo will not be changed.*

**KMC Comment : Emissions Unit 08 – Alternative Wood Truck Unloading, Warehouse Road, and Warehouse Lot**

**Description:**

KMC's prior comments relate to the permit addressed the inappropriateness of the use of average rates of operation in the description section. DAQ indicated its agreement with this comment in its October 4, 2004 letter. However, in EU 08, average rates are still being used for EQPT 8002, 8003, and 8004, in terms of vehicle miles traveled per hour. These average rates could conceivably be misread as requiring trucks to travel at a speed of 0.0366 or 0.084 miles per hour, which would be impossible and nonsensical. In accordance with the elimination of average rate listings elsewhere in the permit, KMC suggests that these averaged operating rates be eliminated from the permit.

The maximum hourly operating rates listed for EQPT 8005 and 8006 should be revised, since the rates listed are average rates, over a 24-hour period, and are not short-term maximum hourly rates. The actual maximum operating rates are 150 tons/hour, and this is the number that should be used in the Description of these units. No change is necessary to the annual operating rate listing.

*Division's response: The descriptions have been revised, as requested.*

**KMC Comment : Emissions Unit 09 – Nitrate Silo**

**Description:**

KMC has suggested that the Nitrate Silo be moved to EU 04, since the conditions imposed by the permit on the Nitrate Silo and the sources in EU 04 appear to be identical. DAQ has responded that the Nitrate Silo does not belong in EU 04, since EU 04 is subject to 401 KAR 51:017, while the Nitrate Silo is not. KMC believes this statement is inaccurate, as KMC understands the Nitrate Silo to be subject to 401 KAR 51:017 since it is listed in KMC's original PSD permit. Alternatively, if DAQ continues to conclude that the Nitrate Silo is not subject to 401 DAR 51:017, then KMC questions why the Nitrate Silo is not listed in EU 07, which appears to consist of similar type units that are not subject to 401 KAR 51:017.

*Division's response: The application states that the unit is a proposed unit (not installed) and that the only applicable regulation is KAR 59:010. For this reasons, DAQ listed the unit separately, not subject to 401 KAR 51:017. From your comment, the Division agrees that the unit is subject to 401 KAR 51:017, since it was permitted before. Therefore, the nitrate silo has been moved under Emission Unit 04, as listed in the prior PSD permit.*

**KMC Comment : Section G – General Provisions**

Subpart (a)16(b): KMC appreciates the DAQ's approval of KMC's request that certain regulation be identified as non-applicable requirements. However, the non-applicable requirements have only been listed in the Statement of Basis, and not in the permit itself. Despite DAQ's statement in its October 4, 2004 letter that the Statement of Basis is considered part of the permit, KMC notes that this section of the permit expressly requires that not-applicable requirements be identified in the permit. Nowhere in the permit is there a provision that incorporates the Statement of Basis as an element of the permit. Accordingly, KMC is concerned that the listing of non-applicable requirements only in the Statement of Basis could be considered insufficient. KMC requests that non-applicable requirements be listed here in Section G(a)(16)(b), or alternatively, that G(a)(16)(b) expressly incorporate non-applicable requirements that are identified in the Statement of Basis.

*Division's response: The non-applicable requirements have been listed in Section B and Section C of the permit.*

Subpart16(d)(2): KMC appreciates DAQ's approval of KMC's minor modification requests for the sources listed in section G(16)(d). KMC also appreciates DAQ's clarification of this section in its October 4, 2004 letter. However, KMC would like to further confirm its understanding that this section will not be applied to require notice within 30 days of commencement of construction for any equipment where construction is commenced more than 30 days prior to issuance of the permit.

KMC believes that any other reading of the Title V permit would contravene the right to commence construction of equipment that is the subject of a minor modification request per 401 KAR 52:020(14).

*Division's response: If construction already occurred for minor modifications to the source, then the submittal of the application was the notification of those units. The permit does not contravene the right to commence construction of equipment that is the subject of a minor modification request per 401 KAR 52:020(14).*

**CREDIBLE EVIDENCE:**

This permit contains provisions which require that specific test methods, monitoring or recordkeeping be used as a demonstration of compliance with permit limits. On February 24, 1997, the U.S. EPA promulgated revisions to the following federal regulations: 40 CFR Part 51, Sec. 51.212; 40 CFR Part 52, Sec. 52.12; 40 CFR Part 52, Sec. 52.30; 40 CFR Part 60, Sec. 60.11 and 40 CFR Part 61, Sec. 61.12, that allow the use of credible evidence to establish compliance with applicable requirements. At the issuance of this permit, Kentucky has not incorporated these provisions in its air quality regulations.